

***Office of Dispute Resolution for Acquisition***  
**Federal Aviation Administration**  
**Washington, D.C.**

<u>Contract Dispute of</u>	)	
	)	Docket No. 04-TSA-007
Globe Aviation Services Corp.	)	
	)	
<u>Under Contract DTFA01-02-C-04021</u>	)	

**DECISION ADOPTING FINDINGS AND RECOMMENDATIONS**  
**OF THE SPECIAL MASTER**

The above referenced dispute of Globe Aviation Services Corporation (“Globe”) and the Transportation Security Administration (“TSA”) concerns a contract for the provision of passenger and baggage security screening services at commercial airports. The parties entered into a letter contract in February, 2002 (“the Letter Contract”). The terms of the Letter Contract were not definitized into a formal contract award, and a dispute developed concerning the labor rates applicable to Globe’s performance.

The dispute was filed with the Office of Dispute Resolution for Acquisition (“ODRA”) and, subject to an existing interagency agreement between the FAA and the General Services Administration Board of Contract Appeals (“GSBCA”), the Director of the ODRA designated Board Judge Catherine B. Hyatt to serve as a Special Master for the purpose of making Findings and Recommendations on specific issues stipulated by the parties.

For the reasons set forth therein, the ODRA hereby adopts the attached Findings and Recommendations of the Special Master in connection with the stipulated issues and holds that: (1) the Letter Contract labor rates were temporary in nature and that the Letter Contract contemplated the definitization of pricing through a negotiation process; (2) Globe and TSA both contributed to the failure to definitize a formal contract including

fixed labor rates prior to completion of contract performance; and (3) Globe is entitled to be reimbursed:

[f]or its costs plus a reasonable profit level, taking into account the elevated risks, concerns, and contingencies that would have been factored into quoted rates had the negotiation process taken place shortly after the contract was signed, as was originally contemplated. In addition to the elevated risks and uncertainties associated with the provision of the services at the time in question, the effort to approximate reasonable fixed-price labor rates should take into account Globe's status as a commercial contractor.

See Findings and Recommendations at 34. The ODRA is prepared to assist the parties through its alternative dispute resolution process to reach a voluntary resolution of the quantum issue. Alternatively, the parties may wish to directly negotiate that issue. Finally, either party may request that the ODRA commence the default adjudication process pursuant to the ODRA Procedural Rules on the issue of quantum.\*

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Anthony N. Palladino  
Associate Chief Counsel and Director  
FAA Office of Dispute Resolution  
for Acquisition

Issued this 30th day of August 2005.

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\* This is an interlocutory decision; it will be final and appealable upon the issuance of the Final Order disposing of all outstanding issues in this case.